

## APPENDIX 4D

### MANALTO LIMITED

ABN 88 098 640 352

### HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015

*Based on accounts that have been reviewed*

### Results for announcement to the market

#### 1. Key Information

				US \$
Revenue from ordinary activities	UP	182%	to	50,199
Profit/(Loss) from ordinary activities after tax attributable to members	UP	96%	to	(1,207,822)

Revenue from ordinary activities is derived from enterprise services and has increased 182% from \$17,757 in the corresponding period last year to \$50,100 in the current period. The loss from ordinary activities has increase 96% from \$615,895 in the corresponding period last year to 1,207,822 as of 31 December 2015. Further commentary on the Group's operating performance and results from operations are set out in the attached half year report.

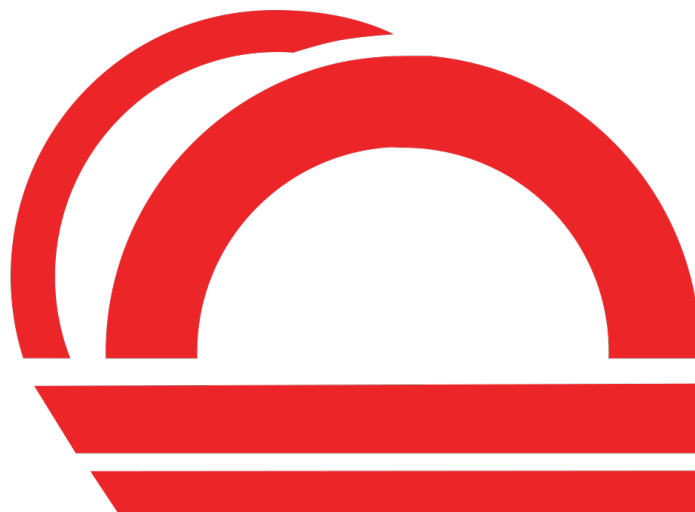
#### 2. NTA Backing

	Current period US\$	Previous corresponding period US\$
Net tangible asset (liability) backing per security	0.015	(0.042)

#### 3. Dividends

No dividends are proposed and no dividends were declared or paid during the current or prior year.

This report is based on the consolidated 2015 half year financial statements which have been reviewed by Grant Thornton.



# Manalto Limited Half Year Report for 6 months ended 31 December 2015

MTL.ASX

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## CONTENTS

REVIEW OF OPERATIONS .....	3
AUDITOR'S INDEPENDENCE DECLARATION .....	5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	6
STATEMENT OF FINANCIAL POSITION .....	7
STATEMENT OF CHANGES IN EQUITY .....	8
STATEMENT OF CASH FLOWS .....	9
NOTES TO THE FINANCIAL STATEMENTS .....	10
DIRECTORS' DECLARATION .....	16
INDEPENDENT AUDITOR'S REVIEW REPORT .....	17
CORPORATE DIRECTORY .....	19

## REVIEW OF OPERATIONS

### Overview

It has been nearly a year since Manalto undertook the Heathlinx reverse takeover transaction (24 March 2015), which was notably a key highlight for the Company. The transaction attracted a stronger than anticipated level of interest in the Company and its product offering, which subsequently resulted in an oversubscription. Importantly, the success of the transaction projected Manalto into a new phase within its lifecycle and enabled the Company to expedite planned activity and direct the use of raised funds toward the distribution and commercialisation of the social media management software.

Since this time, the Manalto team has accomplished a significant number of achievements that have propelled the Company toward, what can be considered, a far stronger market position than at this time last year. We take this opportunity to share the highlights of a year of progress, which we believe, will make for a successful period ahead of growth and shareholder return.

### Sóshlr

A significant accomplishment has been the launch of Sóshlr. The strategic move by the Company to extend the market reach of its technology and to build a solid indirect sales channel has been received with a positive response and early market traction by the hosting and telecommunications industry. This has led to the development of a strong customer pipeline spanning Australia, Europe, Asia Pacific and the US, as well as the signing of a number of significant agreements.

The acceptance and integration of Sóshlr by Odin, a major global cloud application marketplace, has been a pivotal accomplishment during the year. This platform represents an addressable market of approximately 10 million small and medium sized businesses. This achievement and first-to-market move by Sóshlr to integrate into this platform will help propel the commercial reach of the Sóshlr product to significantly increase Company growth and shareholder value.

The Company signed a distribution agreement with AppDirect, a large network of cloud service marketplaces, reaching approximately a quarter (30 million) of all small businesses worldwide through partners such as Comcast, Deutsche Telekom, Telstra, ADP and FICO.

#### Key developments since March 2015

- Established new Sóshlr distribution channel and product
- Completed Odin integration and secured Certification of APS 2 - a major global cloud service automation platform that distributes business applications to an estimated addressable market of 10 million SME's.
- Entered Odin ISV Accelerate – 75 sales representatives globally selling Sóshlr as part of Odin's ISV (independent software vendor) Accelerate program - a specialised sales initiative designed to fast-track Odin partner signings of the Sóshlr product.
- Signed Sóshlr Contracts
  - Blacknight
  - LuxCloud
  - TopCloud
  - ReadySpace

### Enterprise Solution

The Company's focus on the franchise industry during the year has resulted in a key contract with The Dwyer Group, which is considered a top 50-franchise system in the USA with approximately 2,000 units. The Dwyer Group is notably a leader within the franchise sector and represents a significant win for the Company. The enterprise solution remains as a differentiated solution, and certainly we are seeing recognition of the value proposition across the industry. Additionally, the Company completed a technical integration partnership with Adstream – which has already paved the way for exposure to Manalto in industry sectors external to the franchise sector. The current enterprise pipeline includes opportunities that have resulted from the Adstream partnership.

#### Key developments since March 2015

- Signed Adstream Technical Integration Partnership enabling Adstream customers the ability to publish across social media leveraging the Enterprise Solution directly from the Adstream customer dashboard
- Signed Enterprise Contracts
  - Go Vita
  - Tea and Spice Exchange
  - Franchise Foundry
  - Dwyer Group (Top 50 franchise system in USA)
  - Renewed Cumulus
  - Renewed GNC LiveWell

## Corporate

To position the Sóshlr distribution channel for growth during 2016 and beyond, the Company made changes to its corporate structure to purposefully align to the commercial and regulatory environments in the regions it operates. The Company also expanded its technology development division and established its core customer support unit servicing Sóshlr customers globally.

### Key developments since March 2015

- Manalto has established its primary commercial operations for Sóshlr within Europe, based in Ireland, to meet the commercial requirements to enable European-based partners to sign contracts within their own jurisdiction and to enable the Company to support the Odin ISV Accelerate Program and its 75 sales representatives.
- The Company plans to base Asia Pacific Partner Onboarding and Account Management functions in Australia to support Asia Pacific growth for Sóshlr.
- The Company established a technology and customer support hub in Cape Town to efficiently extend development capacity across multiple time zones to accelerate product development and to enable 24/7 global technology and customer support services.

### Industry connection

In addition to Manalto's ongoing marketing program, the Company actively targets opportunities for maximum industry exposure including as keynote speaker and key publication contributor opportunities. Across Europe and USA alike, conferences are regarded as a key go-to-market activity and the opportunity or invitation to present either as a keynote speaker or panelist is indeed recognition of a Company's growing profile within the industry. So, it is pleasing that with increasing frequency, both Manalto's Enterprise and Sóshlr solutions are showcased at key industry events, including the following upcoming flagship global conferences. Manalto has also been invited as a regular key contributor commenting on social media, digital marketing trends and franchise marketing in two online publications.

- Craig Ball, VP - Global Cloud Partners (Sóshlr), has been invited as a keynote speaker to Odin's flagship APS Connect Partner (invitation only) conference during February. APS Connect focuses on the latest trends in cloud services, including innovative technology solutions and Sóshlr will also have the opportunity to present our application to an audience of Telco's, distributors, managed service providers, and hosting companies.
- Anthony Owen, CEO, and Jack Monson, Global Head of Strategic Accounts (Enterprise Solution), will be represented on three digital and social media panels during the International Franchise Association's Annual Convention (IFA) attended by 3,500 franchisees.
- Anthony Owen, CEO, will be showcasing the Enterprise Solution during Adstream's Annual Global Sales Conference during March.
- Franchise Expo – a comprehensive online franchise opportunity portal - <http://www.franchiseexpo.com>
- 1851 franchise - a market newsletter - <http://1851franchise.com>

The accompanying Half Year Financial Statements have been signed in accordance with a resolution of the Board of Directors:



**David Fletcher**  
Chairman



**Anthony Owen**  
Founder & Chief Executive Officer

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Melbourne Victoria 3000

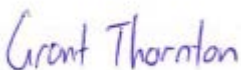
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**Auditor's Independence Declaration  
To The Directors of Manalto Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Manalto Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Matthew Hingeley  
Partner - Audit & Assurance

Melbourne, 28 February 2016

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## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half Year Ended 31 December 2015

	Note	Consolidated	
		31 December 2015 \$	31 December 2014 \$
Revenue		50,090	17,757
Other income		29	-
<b>Total revenue and other income</b>		<b>50,119</b>	<b>17,757</b>
Payroll and employees expense		699,828	337,855
Share based payment expense	13 (c)	214,678	-
Travel and accommodation		226,376	92,442
Consulting and professional fees		203,627	128,091
Advertising and marketing		85,450	27,751
Other expenses		249,141	26,946
Finance expense		4,789	20,567
<b>Loss before income tax</b>		<b>(1,633,770)</b>	<b>(615,895)</b>
Income tax benefit	8	425,948	-
<b>Net loss for the period</b>		<b>(1,207,822)</b>	<b>(615,895)</b>
<b>Other comprehensive income</b>			
Foreign currency translation reserve movement		(40,243)	(209,856)
<b>Total comprehensive income/(loss) for the period</b>		<b>(1,248,065)</b>	<b>(825,751)</b>
Basic and diluted loss per share (cents per share) from continuing operations:			
Basic earnings per share	11	(0.012)	(0.022)
Diluted earnings per share	11	(0.012)	(0.022)

The accompanying notes form part of the financial statements.

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		Consolidated	
	Note	31 December 2015	30 June 2015
		\$	\$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		1,154,867	2,091,598
Trade and other receivables		115,622	82,073
Prepaid expenses		35,995	48,764
<b>Total current assets</b>		<b>1,306,484</b>	<b>2,222,435</b>
Non-current assets			
Deferred tax asset	8	600,670	174,722
Property, plant and equipment	9	39,320	45,438
Intangible assets	10	1,158,368	593,587
<b>Total non-current assets</b>		<b>1,798,358</b>	<b>813,747</b>
<b>TOTAL ASSETS</b>		<b>3,104,842</b>	<b>3,036,182</b>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables		117,204	96,030
Short-term provisions		45,006	162,507
<b>Total current liabilities</b>		<b>162,210</b>	<b>258,537</b>
<b>TOTAL LIABILITIES</b>		<b>162,210</b>	<b>258,537</b>
<b>NET ASSETS</b>		<b>2,942,632</b>	<b>2,777,645</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent:			
Contributed equity	12	8,602,480	7,404,106
Share option reserve	13	509,364	294,686
Foreign currency translation reserve		(187,850)	(147,607)
Accumulated losses		(5,981,362)	(4,773,540)
<b>TOTAL EQUITY</b>		<b>2,942,632</b>	<b>2,777,645</b>

The accompanying notes form part of the financial statements.



# STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2015

Consolidated						
31 December 2015	Note	Contributed Equity \$	Foreign currency reserve \$	Accumulated Losses \$	Share option reserve \$	Total \$
Balance at 1 July 2015		7,404,106	(147,607)	(4,773,540)	294,686	2,777,645
Losses for the year		-	-	(1,207,822)	-	(1,207,822)
Foreign currency translation reserve movement		-	(40,243)	-	-	(40,243)
Share based payment	13	-	-	-	214,678	214,678
Contributions of equity	12	1,198,374	-	-	-	1,198,374
<b>Balance at 31 December 2015</b>		<b>8,602,480</b>	<b>(187,850)</b>	<b>(5,981,362)</b>	<b>509,364</b>	<b>2,942,632</b>

For the Half-Year Ended 31 December 2014

Consolidated						
31 December 2014	Note	Contributed Equity \$	Foreign currency reserve \$	Accumulated Losses \$	Share option reserve \$	Total \$
Balance at 1 July 2014		1,043,751	9,071	(1,171,354)	-	(118,532)
Losses for the year		-	-	(615,895)	-	(615,895)
Foreign currency translation reserve movement		-	(209,856)	-	-	(209,856)
Share based payment	13	-	-	-	-	-
Contributions of equity	12	-	-	-	-	-
<b>Balance at 31 December 2014</b>		<b>1,043,751</b>	<b>(200,785)</b>	<b>(1,787,249)</b>	<b>-</b>	<b>(944,283)</b>

The accompanying notes form part of the financial statements.

## STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2015

	Consolidated	
	31 December 2015 \$	31 December 2014 \$
<b>Cash flows from operating activities:</b>		
Receipts from customers	73,539	34,453
Payments to suppliers and employees	(1,543,415)	(635,621)
Interest received	29	-
<b>Net cash provided by (used in) operating activities</b>	<b>(1,469,847)</b>	<b>(601,168)</b>
<b>Cash flows from investing activities:</b>		
Payments for plant and equipment	(3,237)	(11,777)
Payments for intangibles	(564,781)	(116,569)
<b>Net cash provided by (used in) investing activities</b>	<b>(568,018)</b>	<b>(128,346)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issue of share capital	1,141,377	-
Proceeds from borrowings	-	894,177
<b>Net cash provided by financing activities</b>	<b>1,141,377</b>	<b>894,177</b>
Net increase (decreases) in cash held	(896,488)	164,663
Effects of currency translation on cash and cash equivalents	(40,243)	(209,855)
Cash at beginning of financial year	2,091,598	276,394
<b>Cash at end of financial year</b>	<b>1,154,867</b>	<b>231,202</b>

The accompanying notes form part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Nature of operations

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Pursuant to changes to the *Corporations Act 2001*, the financial statements presented are only for the consolidated entity consisting of Manalto Limited and its subsidiaries.

## 2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2015. The functional currency of the Manalto Limited is Australian Dollars (\$AUD), while the subsidiary in the United States has a functional currency of US Dollars (\$USD). Due to the operational head office of the Group being based in the USA, and the vast majority of the transaction being in \$USD, the Group has elected its presentation currency in \$USD. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2015 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 February 2016.

## 3. Going Concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Group has experienced operating losses of \$1,633,770 and net cash outflows from operating activities of \$1,469,847 for the six months to 31 December 2015, and has net assets of \$2,942,632 as at 31 December 2015. The Company will need to raise additional funds in the period ahead in order to meet all of its expenditure commitments.

While the raising of the necessary funds is not assured, the directors are confident that in the short term they will be able to raise the additional capital required to cover operational cash flow requirements.

The Directors believe that it is reasonably foreseeable that the Company and consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in preparation of the interim financial report.

## 4. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (cont.)

### 5. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2015. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

### 6. Segment reporting

The Company has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors, being the chief operating decision makers, in assessing performance and determining the allocation of resources.

The Company only operates in one business segment, being the development and commercialisation of social media management technology. As all assets and liabilities and the financial results relates to the one business segment, no detailed segment analysis has been performed. No seasonality in the business segment has been identified that would have a significant impact on the interim results of the Company.

### 7. Foreign currency translation

The functional currency of the Manalto Limited is AU\$, while the subsidiary in the United States has a functional currency of US\$. Due to the operational head office of the group being based in the USA, and the vast majority of the transaction being in US\$, the group has elected its presentation currency in US\$.

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except for differences arising on the re-translation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Foreign currency gains and losses are reported on a net basis.

## NOTES TO THE FINANCIAL STATEMENTS (cont.)

### 8. Taxation

The components of tax benefit comprise:

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Current Tax Benefit of Loss	571,819	215,563
Deferred Tax Benefit	15,885	-
<b>Total tax benefit</b>	<b>587,704</b>	<b>215,563</b>

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	31 December 2015	31 December 2014
	\$	\$
Prima facie tax benefit on loss from ordinary activities before income tax at 30% in Australia and 35 % in the USA (2014: 30% and 35%)		
- Consolidated entity	571,819	215,563
Adjusting for the tax effect of:		
Amortisation of intangible assets	15,885	-
Deferred tax asset of tax loss and temporary differences not brought to account	(161,756)	(215,563)
<b>Income tax benefit attributable to entity</b>	<b>425,948</b>	<b>-</b>

The Directors have recognised a deferred tax asset representing the tax benefit of the assessed loss associated with the operation in the United States, namely a tax benefit of \$425,948. The Directors anticipated that assessed losses will be utilised in the USA based subsidiary before assessed losses are utilised in the Australian entity.

### 9. Property, plant and equipment

	Consolidated		
	Leasehold Improvements \$	Office equipment \$	Total \$
<b>Half-year ended 31 December 2015</b>			
<b>Gross carrying amount</b>			
Opening balance 1 July 2015	-	51,839	51,839
Additions	3,237	-	3,237
Balance at 31 December 2015	3,237	51,839	55,076
<b>Depreciation and impairment</b>			
Opening balance 1 July 2015	-	(5,548)	(5,548)
Accumulated Depreciation	(720)	(9,488)	(10,208)
Balance at 31 December 2015	(720)	(15,036)	(15,756)
<b>Carrying amount at 31 December 2015</b>	<b>2,517</b>	<b>36,803</b>	<b>39,320</b>
<b>Year ended 30 June 2015</b>			
<b>Gross carrying amount</b>			
Opening balance 1 July 2014	-	8,092	8,092
Additions	-	43,746	43,746
Balance at 30 June 2015	-	51,838	51,838
<b>Depreciation and impairment</b>			
Opening balance 1 July 2014	-	(853)	(853)
Accumulated Depreciation	-	(5,547)	(5,547)
Balance at 30 June 2015	-	6,400	6,400
<b>Carrying amount at 30 June 2015</b>	<b>-</b>	<b>45,438</b>	<b>45,438</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont.)

### 10. Intangible assets

	Consolidated	
	Capitalised Development Costs \$	Total \$
<b>Half-year ended 31 December 2015</b>		
Opening balance 1 July 2015	593,587	593,587
Additions	564,781	564,781
Impairment charges	-	-
Amortisation	-	-
Balance at 31 December 2015	1,158,368	1,158,368
<b>Year ended 30 June 2015</b>		
Opening balance 1 July 2014	114,077	114,077
Additions	479,510	479,510
Impairment charges	-	-
Amortisation	-	-
Balance at 30 June 2015	593,587	593,587

### 11. Earnings Per Share

#### (a) Reconciliation of Earnings to Profit or Loss

	Consolidated	
	6 months to 31 December 2015 \$	6 months to 31 December 2014 \$
Loss for the year	1,207,822	615,895
<b>Earnings used in calculation of basic and diluted EPS</b>	<b>1,207,822</b>	<b>615,895</b>

#### (b) Weighted average number of ordinary shares (diluted):

	Consolidated	
	31 December 2015	31 December 2014
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	101,267,705	27,771,476
<b>Weighted average number of ordinary shares outstanding during the period used in calculating diluted EPS</b>	<b>101,267,705</b>	<b>27,771,476</b>

As diluted EPS is calculated as a lower loss per share than basic EPS, diluted EPS is taken to be the same as basic EPS.

### 12. Contributed Equity

In December 2015, 24,500,000 shares were issued under the first tranche of a placement of 44,214,286 shares at an issue price of \$A0.07 (\$US0.051). The weighted average share price at the date of exercise was \$A0.079 (\$US0.058).

Share movements:	6 months to 31 December 2015 No. Of shares	Year to 30 June 2015 No. Of shares
Opening contributed equity	98,054,590	27,771,476
Consolidation of Healthlinx shares pre-acquisition (adjusted for 1:5 shares)	-	(22,216,884)
Shares issued during the year for cash	24,500,000	30,000,000
Shares issued to Manalto Inc. shareholders on reverse acquisition	-	62,499,998
Total shares on issue	122,554,590	98,054,590

## NOTES TO THE FINANCIAL STATEMENTS (cont.)

### Reconciliation:

6 months to  
31 December 2015  
\$

Opening contributed equity	7,404,106
Shares issued during the year for cash	1,249,500
Capital raising costs	(82,968)
Realised currency translation loss	(25,155)
Net cash flow from placement	1,141,377
Receivable from Tranche 1	56,997
<b>Balance at 31 December 2015</b>	<b>8,602,480</b>

### 13. Share Option Reserve

Grant Date	Expiry Date	Exercise Price cents <sup>4</sup>	No. of options as at 1/7/15 '000	Balance 01/07/2015 \$	Number Granted As Remun '000	*Value recognised in reserve \$	Exercised	Forfeited	Balance 31/12/2015 \$	Vested & Exercisable
31 October 2012 <sup>3</sup>	30 April 2016	22	2	50	-	-	-	-	50	-
11 March 2015 <sup>3</sup>	11 March 2020	19	3,450	60,212	-	49,438	-	(1,450)	109,650	-
11 March 2015 <sup>3</sup>	11 March 2020	19	4,550	79,410	-	112,471	-	-	191,881	-
11 March 2015 <sup>3</sup>	11 March 2018	19	2,250	155,014	-	-	-	-	155,014	-
1 July 2015 <sup>1</sup>	1 July 2020	15	-	-	1,421	15,297	-	-	15,297	-
1 December 2015 <sup>1</sup>	1 December 2020	15	-	-	12,936	23,438	-	-	23,438	-
1 December 2015 <sup>2</sup>	1 December 2020	18	-	-	3,625	6,288	-	-	6,288	-
1 December 2015 <sup>2</sup>	1 December 2020	22	-	-	4,025	6,753	-	-	6,753	-
16 December 2015 <sup>3</sup>	16 December 2015	22	-	-	1,000	993	-	-	993	-
<b>Total</b>			<b>10,252</b>	<b>294,686</b>	<b>23,007</b>	<b>214,678</b>	-	<b>(1,450)</b>	<b>509,364</b>	-
<b>Weighted Average Exercise Price - cents</b>				<b>18.2</b>	-	<b>16.8</b>	-	-	17.2	-

*Fair value of options granted*

In the table above and set out below are the summaries of options granted under the plan in the six months to 31 December 2015:

- Using a Binomial valuation model, the option value as of the 31 December 2015 on the 1,421,000 options issued 1 July 2015 and the 12,936,000 options issued 1 December 2015 is 5.07 cents.
- On 1 December 2015, 3,625,000 options were issued valued at 4.89 cents and 4,025,000 options were valued at 4.73 cents.
- Using a Black-Scholes valuation model, 1,000,000 options issued on 16 December 2015 were valued at 2.8 cents. Options issued prior to 1 July 2015 have been revalued under the Black-Scholes valuation as of 31 December 2015.
- The options were issued at a price of Australian \$0.20 (US\$0.15), Australian \$0.25 (US\$ 0.18) and Australian \$0.30 (US\$ 0.22).

The options value recognised in the share option provision account is the liability associated with these options from the respective grant dates to 31 December 2015.

## NOTES TO THE FINANCIAL STATEMENTS (cont.)

- (c) Expenses arising from share - based payment transactions

Total expenses arising from share - based payment transactions recognised during the period:

	Consolidated	
	6 months to 31 December 2015 \$	6 months to 31 December 2014 \$
Current period expense of existing share options	161,909	-
Options issued during the period	52,769	-
<b>Total</b>	<b>214,678</b>	<b>-</b>

### 14. Contingent Liabilities and Contingent Assets

There were no commitments or contingent liabilities, which required disclosure in the interim financial report.

### 15. Events Subsequent to Reporting Date

On 16 February 2016, the Company announced the issue of 3,314,288 ordinary shares at the issue price of \$A0.07 (\$US0.05) under a Share Purchase Plan as detailed in Replacement Prospectus lodged with ASX and ASIC on 12 January 2016. On 23 February 2016, the shareholders approved the issue of 19,714,286 fully paid ordinary shares at an issue price of \$A0.07 under Tranche 2 of the share placement initially announced on 26 November 2015. The Company is proceeding to complete the placement of the Tranche 2 shares in accordance with the shareholder approval.



## DIRECTORS' DECLARATION

In the Directors' opinion:

1. The condensed consolidated financial statements and notes set out on Pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:

(a) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the six months ended on that date; and there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

This declaration is made in accordance with a resolution of the Directors.



David Fletcher  
Chairman  
Melbourne



Anthony Owen  
Managing Director  
Melbourne

28 February 2016

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## **Independent Auditor's Review Report To the Members of Manalto Limited.**

We have reviewed the accompanying half-year financial report of Manalto Limited. ("Group"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The directors of Manalto Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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As the auditor of Manalto Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

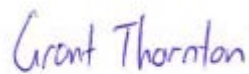
### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Manalto Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

### **Emphasis of matter**

Without qualifying our opinion we draw attention to Note 3 in the half-year financial report which indicates that the consolidated entity incurred a pre-tax loss of \$1,633,770 during the half-year ended 31 December 2015. Note 3 also indicates that to continue as a going concern, the consolidated entity is dependent on raising further capital through equity issues. These equity issues will be required to ensure the Company's ability to continue as a going concern.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Matthew Hingeley  
Partner – Audit & Assurance

Melbourne, 28 February 2016

## CORPORATE DIRECTORY

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David Fletcher  
Chris Adams  
Kristian Blaszczyński  
Michael Quinert  
Joseph Miller

### COMPANY SECRETARY

Justyn Stedwell

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